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Please find below and/or attached an Office communication concerning this application or proceeding.

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BEFORE THE BOARD OF PATENT APPEALS AND INTERFERENCES

Application Number: 10/015,738
Filing Date: December 12, 2001
Appellant(s): LUTNICK ET AL.

Mark Miller
For Appellant

EXAMINER'S ANSWER

This is in response to the appeal brief filed November 25, 2008, appealing from the Office action mailed January 18, 2008.

(1) Real Party in Interest

A statement identifying by name the real party in interest is contained in the brief.

(2) Related Appeals and Interferences

The Examiner is not aware of any related appeals, interferences, or judicial proceedings which will directly affect or be directly affected by or have a bearing on the Board's decision in the pending appeal.

(3) Status of Claims

The statement of the status of claims contained in the brief is correct.

(4) Status of Amendments After Final

The Appellant's statement of the status of amendments after final rejection contained in the brief is correct.

(5) Summary of Claimed Subject Matter

The summary of claimed subject matter contained in the brief is correct.

(6) Grounds of Rejection to be Reviewed on Appeal

The Appellant's statement of the grounds of rejection to be reviewed on appeal is correct.

(7) Claims Appendix

The copy of the appealed claims contained in the Appendix to the brief is correct.

(8) Evidence Relied Upon

5,970,479	Shepherd	10-1999
7,149,720	Shepherd	12-2006

Schefter, Adam, "Pay day for prime-time Broncos Long-term contracts awarded [Rockies Edition]," Denver Post; Denver, Colorado; July 20, 1999, pg. D.01

(9) Grounds of Rejection

The following grounds of rejection are applicable to the appealed claims:

Claim Rejections - 35 USC § 103

1. The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

> (a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negatived by the manner in which the invention was made.

2. **Claims 1-12, 14, 16-24, & 26** are rejected under 35 U.S.C. 103(a) as being anticipated by Shepherd (U.S. 5,970,479) (Shepherd '479), and further in view of Shepherd (U.S. 7,149,720) (Shepherd '720).

As per claim 1, Shepherd '479 teaches a method for trading, the method comprising the steps of:

providing, from a computer-based system designed to provide information about a secondary market for a plurality of future contracts (See abstract, column 1, lines 65-66, and column 2, lines 30-31, which discuss intangible assets such as associated intellectual property (e.g. patents) and future contracts).

However, Shepherd '479 does not expressly disclose that the future contracts are based on underlying obligations of a structure in which the future contract obligates a holder of the future contract to make a future payment obligation of an obligee to an

obligor and entitles the holder to control a future performance obligation Of the obligor, indications designed to permit secondary trading between current holders of the futures contracts and prospective holders of the futures contracts.

Shepherd '720 discloses a system for exchanging obligations between parties where the exchange is administered by a supervisory institution (See abstract).

Both Shepherd '479 and Shepherd '720 disclose methods for exchanging obligations regarding future events. Shepherd '720 discloses a supervisory institution that holds a futures contract, whereby the supervisory institution instructs each party to either perform or pay based on the transfer of entitlement (See column 5, line 36, through column 6, line 19, column 65, lines 25-30, which discusses a method of dealing with contracts, including futures contracts, which involves two counterparties and a supervising institution). Therefore, it would have been obvious to one of ordinary skill in the art at the time the invention was made to include a third party holder who controls a future performance obligation of an obligor and makes future payment obligations of an obligee to an obligor as taught be Shepherd '720 in order to achieve the predictable result of providing a low-cost mechanism for pricing and acquiring futures contracts without the involvement of traditional intermediaries (See column 5, lines 45-60).

As per claim 2, Shepherd '479 teaches that the at least one futures contract comprise at least one futures contract fund (See figure 27, and column 55, lines 55-59, which illustrates confirming the contract trading process and discusses offering contracts for trade as a portfolio---category grouping).

As per claim 3, Shepherd '479 teaches executing a trade of the at least one futures contract (See figure 27, and column 55, lines 55-59, which illustrates confirming the contract trading process and discusses offering contracts for trade individually or as a portfolio--category grouping).

As per claim 4, Shepherd '479 teaches providing an indication of at least one term of the at least one futures contract (See figure 18, #320, which illustrates an ADMIN data file containing full details of the contract, individual or portfolio, each sponsor is endorsing).

As per claim 5, Shepherd '479 teaches providing an indication of a trading status of the at least one futures contract (See figure 18, #480, which illustrates a trade price data file that contains updated information on contracts, individual and portfolio).

As per claim 6, Shepherd '479 teaches providing data related to at least one futures contract (See figure 18, #510 & #520, which illustrates information and history data files concerning respective contracts, individual or portfolio).

Claim 7, 9, 24, & 26 recite substantially equivalent limitations to claim 1 and are therefore rejected using the same art and rationale set forth above.

As per claim 8, Shepherd ,479 teaches providing analysis tools related to the at least one future contract (See figure 19 which illustrates analyzing and processing various trades concerning contracts, individual or portfolio).

Claim 10 recites substantially equivalent limitations to claims 1 & 3 and is therefore rejected using the same art and rationale set forth above.

As per claim 11, Shepherd '479 teaches a computer-readable medium having computer-executable instructions for performing a method comprising:

causing a system to standardize at least one term related to a plurality of futures contracts for a secondary market of future contracts (See column 29, line 1-5, and column 32, lines 20-25, which discusses satisfying defined minimum standards). However, Shepherd '479 does not expressly disclose that the futures contracts are based on underlying obligations of a structure in which the futures contract obligates a holder of the futures contract to make a future payment obligation of an obligee to an obligor and entitles the holder to control a future performance obligation of the obligor.

Shepherd '720 discloses a supervisory institution that holds a futures contract, whereby the supervisory institution instructs each party to either perform or pay based on the transfer of entitlement (See column 5, line 36, through column 6, line 19, column 65, lines 25-30, which discusses a method of dealing with contracts, including futures contracts, which involves two counterparties and a supervising institution). Therefore, it would have been obvious to one of ordinary skill in the art at the time the invention was made to include a third party holder who controls a future performance obligation of an obligor and makes future payment obligations of an oblige to an obligor as taught be Shepherd '720 in order to achieve the predictable result of providing a low-cost mechanism for pricing and acquiring futures contracts without the involvement of traditional intermediaries (See column 5, lines 45-60).

Claim 12 recites equivalent limitations to claim 2 and is therefore rejected using the same art and rationale set forth above.

Claim 14, 16, & 20 recites equivalent limitations to claim 4 and is therefore rejected using the same art and rationale set forth above.

Claims 17 & 22 recite equivalent limitations to claim 8 and are therefore rejected using the same art and rationale set forth above.

As per claim 18, Shepherd '479 teaches wherein making the future payment includes making a payment to the obligor at a date identified by the at least one futures contract (See column 38, lines 6-15, which discusses, payment dates being immediate or deferred to a time defined in the future).

Claims 19 recites equivalent limitations to claim 3 and are therefore rejected using the same art and rationale set forth above.

Claim 21 recites equivalent limitations to claim 11 and is therefore rejected using the same art and rationale set forth above.

As per claim 23, Shepherd '479 teaches categorizing the plurality of futures contracts fund (See figure 27, and column 55, lines 55-59, which illustrates confirming the contract trading process and discusses offering contracts for trade as a portfolio category grouping).

3. **Claims 13, 15, 25, & 27** are rejected under 35 U.S.C. 103(a) as being anticipated by Shepherd (U.S. 5,970,479)(Shepherd '479), in view of Shepherd (U.S. 7,149,720)(Shepherd '720), and further in view Adam Schefter, "Pay day for prime-time Bronc0s Long-term contracts awarded; [Rockies Edition]," Denver Post, Denver, Colo., July 20, 1999, pg. D.01 ("Schefter").

As per claim 13, the Shepherd '479 and Shepherd '720 combination does not expressly disclose that the future performance includes at least one of a sport .performance and an artistic performance.

Both the Shepherd '479 and Shepherd '720 combination and Schefter disclose obligations exchanged between parties based on future conditions. Schefter discloses contract agreements signed by professional football players that include future incentive-laden conditions, such as playing time and sacks (See pg. 3).Therefore, it would have been obvious to one of ordinary skill in the art at the time the invention was made to modify the Shepherd '479 and Shepherd '720 combination to include sports performance incentives as taught by Schefter in order to achieve the predictable result of bargaining for exchange of a future performance.

Claim 15, 25, & 27 recite equivalent limitations to claim 13 and are therefore rejected using the same art and rationale set forth above.

(10) Response to Argument

A. Rejection of Claims 1-12, 14, 16-24, & 26 under 35 U.S.C. § 103(a) as being Unpatentable over Shepherd (U.S. 5,970,479)(hereinafter "Shepherd '479"), and further in view of Shepherd (U.S. 7,149,720)(hereinafter "Shepherd "720").

Applicant asserts that the references do not disclose, teach, or suggest future contracts that “obligate a holder of the futures contract to make a future payment obligation of an oblige to an obligor and entitles the holder to control the future performance obligation of the obligor,” and providing “indications designed to permit secondary trading between current holder of the futures contracts and prospective holders of the futures contracts.”

1. Prima facie case of obviousness

a. Broadest reasonable interpretation & plain meaning

During patent examination, the pending claims must be "given their broadest reasonable interpretation consistent with the specification." The Federal Circuit's en banc decision in Phillips v. AWH Corp., 415 F.3d 1303, 75 USPQ2d 1321 (Fed. Cir. 2005) expressly recognized that the USPTO employs the "broadest reasonable interpretation" standard: The Patent and Trademark Office ("PTO") determines the scope of claims in patent applications not solely on the basis of the claim language, but upon giving claims their broadest reasonable construction "in light of the specification as it would be interpreted by one of ordinary skill in the art." In re Am. Acad. of Sci. Tech. Ctr., 367 F.3d 1359, 1364[, 70 USPQ2d 1827] (Fed. Cir. 2004). Indeed, the rules of the PTO require that application claims must "conform to the invention as set forth in the remainder of the specification and the terms and phrases used in the claims must find clear support or antecedent basis in the description so that the meaning of the terms in the claims may be ascertainable by reference to the description." 37 CFR 1.75(d)(1).

Although claims of issued patents are interpreted in light of the specification, prosecution history, prior art and other claims, this is not the mode of claim interpretation to be applied during examination. During examination, the claims must be interpreted as broadly as their terms reasonably allow. In re American Academy of Science Tech Center, 367 F.3d 1359, 1369, 70 USPQ2d 1827, 1834 (Fed. Cir. 2004) (The USPTO uses a different standard for construing claims than that used by district courts; during examination the USPTO must give claims their broadest reasonable

interpretation >in light of the specification<.). This means that the words of the claim must be given their plain meaning unless **>the plain meaning is inconsistent with< the specification. In re Zletz, 893 F.2d 319, 321, 13 USPQ2d 1320, 1322 (Fed. Cir. 1989) (discussed below); Chef America, Inc. v. Lamb-Weston, Inc., 358 F.3d 1371, 1372, 69 USPQ2d 1857 (Fed. Cir. 2004) (Ordinary, simple English words whose meaning is clear and unquestionable, absent any indication that their use in a particular context changes their meaning, are construed to mean exactly what they say. Thus, "heating the resulting batter-coated dough to a temperature in the range of about 400 F to 850 F" required heating the dough, rather than the air inside an oven, to the specified temperature.).

b. The Examiner addressed all claim limitations

Applicant asserts that the Examiner fails to address the limitation of "providing…indications designed to permit secondary trading between current holders of the future contracts and prospective holders of a the future contracts."

The Examiner respectfully disagrees with Applicant's assertion. The Examiner would like to note the exact claim terminology utilized in claim 1. Applicant claims "a method of trading, the method comprising the steps of: providing…indications designed to permit secondary trading between current holders of the futures contracts and prospective holders". Based on a broad and reasonable claim construction, the limitations of claim 1 do not expressly claim that a trade is executed, rather it expressly recites a computer system that provides information that indicates trading of futures contracts. Additionally, regardless of how Applicant claims "…trading between current

holders of the futures contracts and prospective holders…," it is inherent in every trade that there are at least two parties.

As set forth by the Examiner on pg. 2 of the Final Rejection, Shepherd '479 discloses, teaches, and suggests that is old and well known in the art to hedge risk by trading futures contracts (See col. 1, line 60, through col. 2, line 32). It would have been obvious to one of ordinary to skill the art at the time the invention was made to correlate the futures contracts expressly claimed by Applicant with this teaching and suggestion provided in Shepherd '479. Furthermore, on pg. 3 of the Final Rejection, Shepherd '720 discloses, teaches, and suggests trad[ing]-off existing assets for increased certainty about the future (See col. 4, lines 13-24); trading contracts to other parties (See col. 4, lines 57-67); and, furthermore, the transfer of entitlement and exchange of obligations (See col. 5, line 36 through col. 6, line 19). These disclosures, both implicitly and explicitly, would have suggested to one of ordinary skill in the art a system that provides indications designed to permit trading of futures contracts between at least two parties. Based on a broad and reasonable claim construction, the Examiner addressed all the claim limitations and provided a prima facie showing of obviousness.

c. <u>The prior art of record teaches and suggests indications as claimed</u>

Applicant asserts that the combination of Shepherd '479 and Shepherd '720 does not teach, suggest, or disclose "indications designed to permit secondary trading between current holders of the futures contracts and prospective holders of the futures contracts."

The Examiner respectfully disagrees with Applicant's assertion. First, as set forth by the Examiner on pg. 2 of the Final Rejection, Shepherd '479 discloses that is old and well known in the art to hedge risk by trading futures contracts (See col. 1, line 60, through col. 2, line 32). It would have been obvious to one of ordinary to skill the art at the time the invention was made to correlate the futures contracts expressly claimed by Applicant with the teaching and suggestion provided in Shepherd '479. Second, Applicant asserts that a "current holder" is more limiting than expressly claimed. Based on a broad and reasonable claim construction, a person of ordinary skill in the art could interpret a "current holder" as any entity that participates in the trading of futures contracts, including a supervising institution. As set forth by the Examiner on pages 2 & 3, of the Final Rejection, Shepherd '720 teaches and suggests a supervising institution that is capable of holding futures contracts and implementing the contract terms accordingly (See col. 5, lines 36, through col. 6, line 19, and col. 65, lines 25-30). It would have been obvious to one of ordinary skill in the art to depict the supervising institution disclosed in Shepherd '720 as a current holder of a futures contract whereby the supervising institution controls the respective obligation set forth in each respective contract. Therefore, the Examiner maintains that he has provided a prima facie showing of obviousness by illustrating that the claim limitations in question are both taught and suggested by the prior art.

d. <u>The prior art of record teaches and suggests futures contracts as claimed</u>

Applicant asserts that Shepherd '479 does not disclose, teach, or suggest future contracts that "obligate a holder of the futures contract to make a future payment

obligation of an obligee to an obligor and entitles the holder to control a future performance obligation of obligor."

The Examiner respectfully disagrees with Applicant's assertion. In regards to Applicant's arguments against the references individually, one cannot show nonobviousness by attacking references individually where the rejections are based on combinations of references. See *In re Keller*, 642 F.2d 413, 208 USPQ 871 (CCPA 1981); *In re Merck & Co.,* 800 F.2d 1091, 231 USPQ 375 (Fed. Cir. 1986). The test for obviousness is not whether the features of a secondary reference may be bodily incorporated into the structure of the primary reference; nor is it that the claimed invention must be expressly suggested in any one or all of the references. Rather, the test is what the combined teachings of the references would have suggested to those of ordinary skill in the art. See *In re Keller*, 642 F.2d 413, 208 USPQ 871 (CCPA 1981).

First, based on the plain meaning, a futures contract is an agreement to buy or sell a specific amount of a commodity or financial instrument at a particular price on a stipulated future date. Additionally, it is inherent in every contract that there are two parties, an obligee and an obligor. As set forth by the Examiner on pg. 2 of the Final Rejection, Shepherd '479 discloses that is old and well known in the art to hedge risk by trading futures contracts (See col. 1, line 60, through col. 2, line 32). Shepherd '479 clearly suggests to one of ordinary skill in the art that futures contracts are capable of being traded. Additionally, as set forth by the Examiner on pages 2 & 3, of the Final Rejection, Shepherd '720 teaches and suggests a supervising institution that is capable of holding futures contracts and implementing the contract terms accordingly (See col.

5, lines 36, through col. 6, line 19, and col. 65, lines 25-30). It would have been obvious to one of ordinary skill in the art to depict the supervising institution disclosed in Shepherd '720 as a holder of a futures contract whereby the supervising institution controls the respective obligation set forth in each respective contract. Therefore, the Examiner maintains that the prior art of record would have suggested to one of ordinary skill in the art a supervisory institution or holder that engages in the trading of futures contracts.

Second, regardless of the rationale set forth above, the Examiner notes that a recitation of the intended use of the claimed invention must result in a structural difference between the claimed invention and the prior art in order to patentably distinguish the claimed invention from the prior art. If the prior art structure is capable of performing the intended use, then it meets the claim. Applicant expressly claims "…providing, from a computer-based system designed to provide information about a secondary market for a plurality of futures contracts, in which the future contracts… obligate a holder of the futures contract to make a future payment obligation of an obligee to an obligor and entitles the holder to control a future performance obligation of obligor." Since the prior art is clearly capable of providing information about futures contracts (See Shepherd '720, col. 1, line 60, through col. 2, line 32), then it satisfies the futures contracts expressly claimed. The Examiner maintains that the Final Rejection provides a prima facie showing of obviousness.

e. Conclusion

The Examiner maintains that the Final Rejection provides a prima facie showing of obviousness for independent claim 1. Based on a broad and reasonable claim construction, plain meaning, and intended use, the combination of Shepherd '479 and Shepherd '720 clearly would have suggested to one of ordinary skill in the art all the limitations expressly recited in independent claim 1. Since independent claim 1 is representative of claims 2-12, 14, 16-24, & 26 (See pg. 14 of the Appeal Brief), the obviousness rejection of the subsequent independent and dependent claims is proper.

B. Rejection of Claims 13, 15, 25, & 27 under 35 U.S.C. § 103(a) as being Unpatentable over Shepherd (U.S. 5,970,479)(hereinafter "Shepherd '479"), in view of Shepherd (U.S. 7,149,720)(hereinafter "Shepherd "720"), and further in view of Schefter, Adam, "Pay day for prime-time Broncos Long-term contracts awarded [Rockies Edition]," Denver Post; Denver, Colorado; July 20, 1999, pg. D.01 (hereinafter "Schefter").

Applicant asserts that the references do not disclose, teach, or suggest future contracts that "obligate a holder of the futures contract to make a future payment obligation of an oblige to an obligor and entitles the holder to control the future performance obligation of the obligor," and providing "indications designed to permit secondary trading between current holder of the futures contracts and prospective holders of the futures contracts."

1. Prima facie case of obviousness

a. Schefter discloses, teaches, and suggests a future performance that includes at least one of a sports performance and an artistic performance.

Applicant asserts that Schefter does not disclose, teach, or suggest futures contracts that "obligate a holder of the futures contract to make a future payment obligation of an oblige to an obligor and entitles the holder to control the future

performance obligation of the obligor" and providing "indications designed to permit secondary trading between current holder of the futures contracts and prospective holders of the futures contracts."

The Examiner respectfully agrees with Applicant's assertion. As set forth above, in regards to Applicant's arguments against Schefter individually, one cannot show nonobviousness by attacking references individually where the rejections are based on combinations of references. See *In re Keller*, 642 F.2d 413, 208 USPQ 871 (CCPA 1981); *In re Merck & Co.,* 800 F.2d 1091, 231 USPQ 375 (Fed. Cir. 1986). The test for obviousness is not whether the features of a secondary or tertiary reference may be bodily incorporated into the structure of the primary reference; nor is it that the claimed invention must be expressly suggested in any one or all of the references. Rather, the test is what the combined teachings of the references would have suggested to those of ordinary skill in the art. See *In re Keller*, 642 F.2d 413, 208 USPQ 871 (CCPA 1981).

The Examiner cited Schefter as a prior art reference that clearly discloses a sports performance contract signed by professional football players that include future incentive-laden conditions, such as playing time and sacks (See pg. 7 of the Final Rejection). The Examiner never maintained that Schefter disclosed, taught, or suggested either a futures contracts that "obligate a holder of the futures contract to make a future payment obligation of an oblige to an obligor and entitles the holder to control the future performance obligation of the obligor," nor providing "indications designed to permit secondary trading between current holder of the futures contracts and prospective holders of the futures contracts" (See subsections (a)-(d) set forth

above). Applicant grossly misrepresents the Final Rejection by arguing that Schefter does not disclose, teach, or suggest the express claim limitations in question. In fact, Applicant never addresses the actually citation provided by the Examiner and its implicit and explicit teaching and suggestion. The Examiner cited Schefter from one purpose and one purpose only, to teach and suggest sports performance laden contracts. Therefore, the Examiner maintains that the combined teachings of the prior art references would have suggested to those of ordinary skill in the art at the time the invention was made the trading of futures contracts whereby the future performance includes a sports performance.

b. Conclusion

The Examiner maintains that the Final Rejection provides a prima facie showing of obviousness for dependent claim 13. The combination of Shepherd '479, Shepherd '720, and Schefter clearly would have suggested to one of ordinary skill in the art at the time the invention was made a future performance that includes at least one of a sports performance and an artistic performance. Since dependent claim 13 is representative of claims 15, 25, & 27 (See pg. 17 of the Appeal Brief), the obviousness rejection of the subsequent dependent claims is proper.

(11) Related Proceeding(s) Appendix

No decision rendered by a court or the Board is identified by the examiner in the Related Appeals and Interferences section of this examiner's answer.

For the above reasons, it is believed that the rejections should be sustained.

Respectfully submitted,

/Michael R. Zecher/
Examiner, Art Unit #3691
/Alexander Kalinowski/

Supervisory Patent Examiner, Art Unit 3691

Conferees:

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